

**KIDSPORT SOCIETY OF ALBERTA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**



**KIDSPORT SOCIETY OF ALBERTA
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YEAR ENDED DECEMBER 31, 2022**

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ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS

Daniel J. St. Arnaud, CPA, CA**
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INDEPENDENT AUDITOR'S REPORT

To the Members of KidSport Society of Alberta

Qualified Opinion

We have audited the financial statements of KidSport Society of Alberta (the Society), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenues from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donations, receipts, deferred contributions, excess of revenue over expenditures, current assets or net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

John H.C. Pinsent Professional Corporation

Edmonton, Alberta
April 17, 2023

John H.C. Pinsent Professional Corporation
Chartered Professional Accountant

KIDSPORT SOCIETY OF ALBERTA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	2022	2021
	\$	\$
ASSETS		
CURRENT		
Cash (Note 3)	2,057,317	750,792
Accounts receivable (Note 5)	644,268	219,414
Prepaid expenses	1,050	1,015
Short term investments (Note 4)	3,054	3,000
	2,705,689	974,221
EQUIPMENT (Note 6)	4,190	-
TOTAL ASSETS	2,709,879	974,221
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	4,400	3,900
Wages payable	450	-
Donations payable to chapters	97,484	114,886
Deferred contributions (Note 7)	1,129,976	62,573
TOTAL LIABILITIES	1,232,310	181,359
NET ASSETS	1,477,569	792,862
TOTAL LIABILITIES AND NET ASSETS	2,709,879	974,221

APPROVED BY THE DIRECTORS

_____ Director

_____ Director

The accompanying notes form part of these financial statements



**KIDSPORT SOCIETY OF ALBERTA
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022**

	2022	2021
	\$	\$
NET ASSETS - BEGINNING OF YEAR	792,862	798,201
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>684,707</u>	<u>(5,339)</u>
NET ASSETS - END OF YEAR	<u>1,477,569</u>	<u>792,862</u>

The accompanying notes form part of these financial statements



KIDSPORT SOCIETY OF ALBERTA
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2022

	2022	2021
	\$	\$
REVENUES		
KidSport Canada donations <i>(Note 8)</i>	3,171,083	497,342
Government of Alberta <i>(Note 9)</i>	2,839,743	115,923
Local community chapter donations and fundraising	840,131	443,160
Other donations and fundraising	353,900	325,470
Casino	27,152	5,104
Other	1,781	818
	7,233,790	1,387,817
EXPENSES		
Funding to community chapters and sports organizations	3,298,891	1,100,726
Hockey Assist Program	1,591,710	-
Return-to-play funding to organizations	1,249,833	-
Wages and benefits	306,228	247,772
Office	25,098	7,035
Annual General Meetings	24,541	3,324
Fundraising	15,050	18,824
Interest and bank charges	10,456	4,854
Travel	7,827	2,871
Professional fees	6,800	6,300
Advertising	6,489	4,825
Insurance	3,115	3,077
Utilities	1,557	2,548
Licenses, fees and dues	1,000	1,000
Amortization	542	-
	6,549,137	1,403,156
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	684,653	(15,339)
OTHER ITEMS		
COVID-19 subsidies <i>(Note 10)</i>	-	10,000
Interest income	54	-
	54	10,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	684,707	(5,339)

The accompanying notes form part of these financial statements



KIDSPORT SOCIETY OF ALBERTA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	2022 \$	2021 \$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	684,707	(5,339)
Item not affecting cash:		
Amortization	542	-
	<u>685,249</u>	<u>(5,339)</u>
Changes in non-cash working capital:		
Accounts receivable	(424,852)	(127,995)
Prepaid expenses	(35)	(63)
Accounts payable and accrued liabilities	500	-
Deferred contributions	1,067,403	59,783
Wages payable	450	-
Donations payable to chapters	(17,404)	10,923
	<u>626,062</u>	<u>(57,352)</u>
Cash flow from (used by) operating activities	<u>1,311,311</u>	<u>(62,691)</u>
INVESTING ACTIVITIES		
Purchase of equipment	(4,732)	-
Investment in GIC	(54)	-
	<u>(4,786)</u>	<u>-</u>
Cash flow used by investing activities	<u>(4,786)</u>	<u>-</u>
FINANCING ACTIVITIES		
Canada Emergency Business Account loan proceeds (Note 10)	-	10,000
Canada Emergency Business Account loan repayment (Note 10)	-	(40,000)
	<u>-</u>	<u>(30,000)</u>
Cash flow used by financing activities	<u>-</u>	<u>(30,000)</u>
INCREASE (DECREASE) IN CASH FLOW	1,306,525	(92,691)
Cash - beginning of year	<u>750,792</u>	<u>843,483</u>
CASH - END OF YEAR (Note 3)	<u>2,057,317</u>	<u>750,792</u>

The accompanying notes form part of these financial statements



KIDSPORT SOCIETY OF ALBERTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

1. NATURE OF THE ORGANIZATION

KidSport Society of Alberta ("the Society") is a not-for-profit charitable organization incorporated under the Societies Act of the Province of Alberta and is exempt from the payment of Income Tax under Section 149 of the Income Tax Act. The Society provides support to children in order to remove the financial barriers that prevent them from playing organized sports.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements have, in management's opinion, been prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Measurement uncertainty

The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations that have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from goods and services are recognized when the services or goods are sold and collectability is reasonably assured.

Contributed services

Volunteers contribute an indeterminable number of hours to assist the Society in carrying out its activities. Neither the value of the contributions nor the cost of the services is recognized in the financial statements unless the fair value of the services can be reasonably estimated.

Income taxes

KidSport Society of Alberta is a charitable organization and as such is exempt from income taxes.

Cash and cash equivalents

The Society's policy is to present bank balances under cash and cash equivalents.

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**KIDSPORT SOCIETY OF ALBERTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is stated at cost less accumulated amortization. Amortization is recorded to amortize the cost of the assets over their estimated useful lives and is calculated at the annual rate in the year of the purchase. Amortization is recorded at the following rates and methods:

Computers	4 years	straight-line method
Furniture and fixtures	5 years	straight-line method

Financial instruments

The Society's financial instruments consist of cash and accounts receivable. The Society initially measured its financial assets and liabilities at cost. The Society subsequently measures all its financial assets and liabilities at cost or amortized cost. Carrying values approximate their fair market values due to the relatively short period of maturity of these instruments.

The Society is exposed to the following risks arising from these financial instruments, without being exposed to concentrations of risk.

Credit Risk

Financial instruments that subject the Society to credit risk consists primarily of cash and accounts receivable. The Society uses specific identification for credit losses. The Society provides services to a diverse client base and its credit risk is not concentrated in any one particular client, industry or geographic segment.

Interest Rate Risk

The Society is subject to interest risk to the extent that its bank accounts earn interest based on floating rates of interest. The effective interest rate during the year varies according to the bank prime rate.

3. CASH

Cash consists of:

	2022 \$	2021 \$
Operational bank account	764,418	402,613
KidSport Canada - Alberta bank account	1,256,105	348,140
Casino bank account	36,794	39
	2,057,317	750,792

**KIDSPORT SOCIETY OF ALBERTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

4. INVESTMENTS

Investments consist of a GIC bearing interest at 4.3% per annum, renewed October 31, 2022, maturing October 31, 2023.

	2022 \$	2021 \$
GIC, Operational bank account	3,054	3,000

5. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of grants receivable and donations receivable from Chapters.

	2022 \$	2021 \$
Grants receivable	40,712	103,248
Donations receivable	603,557	116,167
	644,269	219,415

6. EQUIPMENT

	Cost \$	Accumulated amortization \$	2022 Net book value \$	2021 Net book value \$
Computers	5,888	3,487	2,401	-
Furniture and fixtures	1,988	199	1,789	-
	7,876	3,686	4,190	-



**KIDSPORT SOCIETY OF ALBERTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

7. DEFERRED CONTRIBUTIONS

Deferred contributions are comprised of restricted contributions which are recognized as revenue in the year in which the related expenses are incurred. In fiscal 2022, the deferred contributions consisted of:

(1) Casino revenue is restricted by Alberta Gaming, Liquor and Cannabis "Use of Proceeds" regulations. \$35,671 is deferred at December 31, 2022.

(2) Sport, Physical Activity and Recreation Stabilize Grant program is restricted by the terms of the grant agreement with the Government of Alberta. This \$3,250,000 program consisted of \$150,000 for program administration, \$1,850,000 for Return to Play Grant - Individuals, and \$1,250,000 for Return to Play Grant - Organizations. \$491,680 is deferred to fiscal 2023 in accordance with the terms of the grant.

(3) Hockey Assist Program is restricted by the terms of the grant agreement between The Edmonton Oilers Community Foundation and KidSport Canada. \$2,000,000 in funding was received and \$408,290 is deferred to fiscal 2023 in accordance with the terms of the grant.

(4) KidSport Chapter Disbursements are restricted by KidSport Canada. In fiscal 2022, \$1,064,878 was received and \$194,335 is deferred to fiscal 2023.

	2022	2021
	\$	\$
Balance, beginning of year	62,573	2,790
Receivable in the year	6,396,301	62,536
Recognized as revenue during the year	(5,328,898)	(2,753)
Balance, end of year	1,129,976	62,573

8. KIDSPORT CANADA DONATIONS

Donations from KidSport Canada during 2022 include a \$2,000,000 grant from The Edmonton Oilers Community Foundation to fund the Hockey Assist Program in northern Alberta.

**KIDSPORT SOCIETY OF ALBERTA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

9. GRANT FUNDING FROM THE GOVERNMENT OF ALBERTA

The Society receives grant funding from the Government of Alberta. Funds that are not fully expended in the fiscal year are recorded as deferred revenue.

The Association Development Program funds were fully expended in the years received.

The Society received \$3,250,000 under the Sport, Physical Activity and Recreation Stabilize Grant in fiscal 2022, and recognized \$2,758,320 to revenue during the year.

Grant funding revenue from the Government of Alberta consists of:

	2022 \$	2021 \$
Association Development Program	81,423	81,423
Pepsi-Safeway Sport Endowment Fund	-	32,800
John Saccomani Memorial Fund	-	1,700
Sport, Physical Activity and Recreation Stabilize Grant	2,758,320	-
Total Government of Alberta funding	2,839,743	115,923

10. COVID-19 PANDEMIC

The Government of Alberta declared a public health emergency in response to the COVID-19 global pandemic, as of March 17, 2020.

Federal government assistance included the Canada Emergency Business Account (CEBA) loan. The Society received total loans of \$60,000, of which \$20,000 is forgivable if the balance of the loan is repaid by December 31, 2022. The Society repaid CEBA during fiscal 2021.

Participation in sport was restricted during the pandemic. Funding received during the current fiscal year includes significant funding to help kids return to sport and play.